1. Title of the thesis

A CRITICAL REVIEW ON FINANCIAL INCLUSION

IN THE STATE OF CHHATTISGARH

Chapters:

A brief outline on probable chapters / headings of the thesis would be as under:

1. Introduction
2. Review of Literature
3. Emergence of financial inclusion
4. Role of Financial Inclusion in providing social justice
5. Review of financial inclusion in the state of Chhattisgarh
6. Discussion on strategies in implementation of financial inclusion
7. Conclusions, Suggestions and Recommendations
8. Bibliography

2. Introduction

Financial inclusion is the process of ensuring access to various desired and needed financial products and services by certain groups of people where main focus to be given on weaker sections and low-income groups through effective and cheapest means so that inclusive growth and development could be assured. Financial

inclusion, essentially, involves two elements, one of access and the other of awareness of products and services to be provided.

Financial Inclusion in the Indian concept implies the provision of affordable financial services viz. access to payments and remittance facilities, savings, loans and insurance services by the formal financial system to those who tend to be excluded. Besides access, emphasis is also placed low-cost financial services such as savings, loan and remittance to the under privileged segments of the population.

In the state of Chhattisgarh too these strategies is adopted to achieve 100% Financial Inclusion so that it can play a role in reinforcing integrated developments of the people by making them well aware of objectives of savings, livelihood, economic infrastructure, an efficient payments system etc. These are to be implemented by way of various parameters and estimations of financial literacy, which would raises and expects to be informed and questioning the people, among themselves and with others, to use of financial services to get maximum benefits from it.

3. A brief review of the work already done in the field

- **Status of financial inclusion among rural households in Andhra Pradesh**

Researcher : Dara Nageswara Rao

Guide : Prof. R. RAMAKRISHNA, M.A.Ph.D. P.G.D.A.S
Professor in Economics Department of Economics
Andhra University Visakhapatnam

Co-Guide : Prof. K. PARAMESWARA RAO, M.A.Ph.D. DAS., P.G.D.T
[(Joint -Director) Professor in Economics School of Distance Education Andhra University Visakhapatnam]

Submitted on : February 2013

[Andhra University Visakhapatnam : Department of Economics]

[**Abstract :** Financial inclusion can be described as the delivery of banking and other financial services at affordable costs to the vast sections of disadvantaged and low income groups. The Financial inclusion policies across the country confirm developed financial systems to be correlated with lowered inequality and less significant financial exclusion (Report of the Committee of Financial Inclusion, GoI, 2008; Rakesh Mohan, 2006). The importance of innovative Economic Strategies for financial inclusion has been increased rush. They considered the technical change as an exogenous element of the economic activity. Growth is observed in the long term only if there is technological change, if not economies of scale due to capital accumulation and productivity decrease (Alice Lam, 2004)]

- **Financial inclusion of fisher households in coastal Kerala role of micro finance**

Researcher : Prathap, Sangeetha K

Guide : Meerabai M

Associate Professor and Head

Department of Applied Economics

Cochin University of Science and Technology, Kochi, Kerala

Submitted on : 10-Jan-2013

[**Abstract :** Economic theory endorses direct relationship between investment and economic growth to saving rate. It is implied that financial exclusion of

a vast majority represents a missed opportunity of an enormous potential for economic growth. Finance and poverty are highly interrelated terms; financial inclusion of the poor can ultimately result in reduction of poverty instigating inclusive growth. Inclusive growth means growth with equal opportunities which focuses on both creating opportunities and making opportunities accessible to all. Growth is inclusive when it allows all members of a society to participate in and contribute to the growth process on an equal basis regardless of their individual circumstances. Developing countries all over the world has been constantly emphasizing reduction of poverty, one of the basic agenda of Millennium Development Goals (MDGs).]

- A comparative analysis of the financial performance of microfinance institutions of India and Bangladesh

  Researcher : Rai, Anand Kumar

  Guides : Shakeel, Moonis and Anil Kanwal

  Submitted on : 10-Dec-2012
  University : Jaypee Institute of Information Technology, NOIDA, India

  [Abstract: India and Bangladesh are two developing countries in the world. Poverty is the major problem in these countries. In these economies, it is argued that among others absence of access to newline credit is presumed to be the cause for the failure of the poor to come out of poverty. Lending to the poor involves high transaction cost and risks associated with information asymmetries and moral hazards. Microfinance is one of the ways of building the capacities of the poor who are largely ignored by commercial banks and other lending institutions and graduating them to sustainable self-employment activities by providing them financial services like credit, savings and insurance. newline To provide microfinance and other support

services, Microfinance Institutions (MFIs) should newline be able to sustain themselves for a long period. Bangladesh has been the pioneer in the field newline of microfinance movement and a significant contribution to the development of the country newline has been made by the several MFIs. Grameen Bank, BRAC, ASA and Prashika are some of newline them. Therefore it is interesting to compare the financial performance of MFIs of India and newlineBangladesh and to see where they stand against each other.]

- **Trends in financial intermediation by the banking system in Kerala: an analysis in the context of the growth trends in the state's economy**

Researcher: Philip, M P

Guide : Dr. K K GEORGE, Former Director
School of Management Studies
Submitted on : . 19.01.2006

University : Department of Applied Economics
Cochin University of Science and Technology
Kochi-682022, Kerala

[Abstract : an attempt is made in the proposed study to address the nature and role of financial intermediation in economic development in a regional context i.e., the State of Kerala in the Indian Union. It is done by examining the trends in financial intermediation by the banking system, particularly the Scheduled Commercial Banks (SCBs), the dominant player in the financial system in the State as well as the country, against the backdrop of its real economy]

4. Objectives

The objectives of the study are:

1. To know, how the system of the Financial Inclusion is working and how it is effective in uplifting the living standard of the targeted population.
2. Why financial inclusion approach is required towards integrated development of underprivileged people of the society?
3. Whether it is working as per desire and vision of the United Nations? Accessing role of the Central Government, the Reserve Bank of India, the Government of Chhattisgarh State, local bodies and other state holders in this field.
4. The scheme of Financial Inclusion is directly benefited to targeted people or not?
5. Study and finding reasons of gape exists between rural and urban population in approaching scheme of financial inclusion with respect to their basic needs and awareness.
6. Study and role of various bank and intermediaries i.e. Banking correspondences, POS etc., in implementation of financial inclusion to include excluded people for their easy access to various financial products.
7. Study of awareness programme being conducted by various stakeholders of financial inclusion scheme.
8. Opportunities of employment through financial inclusion implementation.

Hypothesis of the study is as under **-**

1. Determining role of various stakeholders of financial exclusion/ inclusion in the area of the socio economic factors in the area of study.
2. Whether Direct Benefit Transfer scheme will be implemented through Financial Inclusion mechanism?

3. Finding status of financial inclusion in the state of Chhattisgarh. Review of the present program of Financial Inclusion on its effectiveness with probable suggestions.
4. Whether position of financial literacy in the state is adequate or not?
5. Whether the Financial Inclusion is able to wipe out corruption from the system or it has also got suffered of corruption?
6. How effective is present PDS system in the State of Chhattisgarh and what is needed to be done in terms of objects of the Financial Inclusion?
7. Whether the Financial Inclusion is able to generate employment in the state or not? If employment is generated then at what extent?
8. What is actual need of the people special focus to be given on the districts of Raipur, Bilaspur and Korba of the state?
9. Whether position of financial literacy in the state is adequate or not?

5. Noteworthy contribution in the field of proposed work

- **Financial Inclusion: A Viable Option for Inclusive Growth**

  By Ameet Banerjee,
  Faculty, Institute of Development Studies, Lucknow University
  Formely –Dean (Academics) IBS and Ex-Banker
  (Published in the India Economy Review on 01.03.2011)
  (Research Journal of Finance and Accounting www.iiste.org ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Vol 2, No 6, 2011)

- **Financial Inclusion and Performance of Rural Co-operative Banks in Gujarat**

  By Tejani Rachana
  Singhania University, Rajasthan, India
  E-mail: rachana_101@hotmail.com

- Financial Inclusion in India: A case-study of West Bengal

  By Sadhan Kumar Chattopadhyay

  January 2011 Online at http://mpra.ub.uni-muenchen.de/34269)

  The issue of financial inclusion has received large importance in India during the recent period. The study tries to assess the extent of financial inclusion in the country in general and West Bengal in particular. It is observed from the study that although there has been an improvement in outreach activity in the banking sector, heterogeneity across states is widespread. Gap between rural and urban areas in respect of outreach is also prevalent even after the reform period. While significant improvement has taken place in credit/loan account in the urban households, the situation has become worse for the rural households.

- **Financial inclusion – the Indian experience**

  By Usha Thorat Deputy Governor Reserve Bank of India

  [Speech at the HMT-DFID Financial Inclusion Conference 2007, London, 19 June 2007.]

  The approach to FI in developing countries such as India is thus somewhat different from the developed countries. In the latter, the focus is on the relatively small share of population not having access to banks or the formal payments system whereas in India, we are looking at the majority who are excluded.

- **Role of Financial Inclusion for Inclusive Growth in India - Issues & Challenges**

  By Dr. Vighneswara Swamy and Dr. Vijayalakshmi

(Berlin Working Papers on Money, Finance, Trade and Development Working Paper No. 07/2012)

Financial inclusion is intended to connect people to banks with consequential benefits. Ensuring that the financial system plays its due role in promoting inclusive growth is one of the biggest challenges facing the emerging economies.

- **Microfinance, Financial Inclusion and Financial Development: An Empirical Investigation with an International Perspective**more

  by Jovi Dacanay

  (jovi.dacanay@uap.asia jovicdacanay@gmail.com jovicdacanay@yahoo .com)

  Microfinance industry, financial development, financial inclusion, knowledge economy as information and knowledge add value to basic products manufacturing and services are becoming increasingly integrated into complex chains of creation, production and distribution among firms of various asset sizes. At the core of the economy are goods producing industries, linked into value chains which see inputs coming from knowledge-based business services and goods related construction and energy industries, and outputs going to goods related distribution service industries. Market failures involving the lack of efficiency in the distribution of financial resources may only be a temporary phenomenon in a situation when various micro-industries are entering into the competitive world market.

- **GROWTH THROUGH FINANCIAL INCLUSION IN INDIA**

  By Suresh Chandra Bihari *IBS, Hyderabad, India*

  [Journal of International Business Ethics Vol.4 No.1 2011]

  (Financial inclusion is the ease of access, availability and use of the formal financial system by all members of the economy. The growing literature on financial inclusion has provided plenty of evidence of the merits of an

inclusive financial system. However, we notice an absence of a comprehensive measure that can be used to measure the extent of financial inclusion in an economy. This study is an attempt to fill this gap, and, thus, make an original contribution.)

- **Index of Financial Inclusion – A measure of financial sector inclusiveness**

By Mandira Sarma
Centre for International Trade and Development, School of International Studies
Jawaharlal Nehru University Delhi 110067, India (July 2012)

Abstract : The promotion of an inclusive financial system is a policy priority in many countries. While the importance of financial inclusion is widely recognized, the literature lacks a comprehensive measure that can be used to measure the extent of financial inclusion across economies. This paper attempts to fill this gap by proposing an index of financial inclusion (IFI). The proposed IFI captures information on various dimensions of financial inclusion in a single number lying between 0 and 1, where 0 denotes complete financial exclusion and 1 indicates complete financial inclusion in an economy. The proposed index is easy to compute and is comparable across countries and over time. It also satisfies some important mathematical properties.

6. Proposed Methodology

The probable research Methodology would be as under :

1. Collection of primary from various sources at field level by way of personal visit, opinions , mass observations, telephonic surveys, questionnaire, participate observations etc.
2. Collection of secondary data from various intermediary agencies of Government, Semi Government and Non-Government organizations.
3. After collection of data, these are to be analyzed to find outcome of the factual benefits of implementation of Financial Inclusion and simultaneously

shortcoming which requires to be undertaken by the agencies. In doing so the scope of further research will also be discussed.

Main focus in the research would be given on the districts of Raipur, Bilaspur and Korba of the Chhattisgarh State.

7. Expected outcome of the proposed work

It would be endeavor of the researcher to provide a realistic approach on implementation of Financial Inclusion and its consequences to the society whether it has on its right path or more suggestions are required to be added to achieve 100% target in facilitating up to last person of the society. Besides, emphasis to be drawn to check position of low-cost financial services such as savings, loan and remittance to the under privileged segments of the population in the state of Chhattisgarh by providing Banking services in un Banked and under Banked areas.

Also a suggestive approach would be drawn-up to encourage role of intermediaries such as NGOs, Business Correspondents etc. to encourage and inspire them for their effective participation in providing Financial Literacy & Credit Counseling to mass population of all villages in the state to use advantage of technology of banking facilities in their interest.

8. Bibliography

1. Alliance for Financial Inclusion (AFI) 2011. The G20 Principles for Innovative Financial Inclusion: Bringing the Principles to Life, prepared on behalf of the G20"s GPFI, available at www.gpfi.org
2. The Principles for Innovative Financial Inclusion are: leadership, diversity, innovation, protection, empowerment, cooperation, knowledge, proportionality and framework.
3. National Strategy for Financial Education
4. Financial Inclusion – The Indian Experience - Text of speech by Smt. Usha Thorat, Deputy Governor, Reserve Bank of India at the HMT-DFID Financial Inclusion Conference 2007, Whitehall Place, London, UK on June 19, 2007.
5. Financial Inclusion | A road India needs to travel - *Copyright HT Media Ltd.*
6. Address by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the Stakeholders' Workshop on Financial Literacy organized jointly by the UNDP, NABARD and

MicroSave at Mumbai on February 4, 2013. The assistance provided by Smt. Jaya Mohanty and Smt. Pallavi Chavan in preparation of this address is gratefully acknowledged.

7. A STUDY OF FINANCIAL INCLUSION IN INDIA by Dr. Supravat Bagli and Papita Dutta -RIJEB Volume 1, Issue 8(Aug. 2012).
8. World Bank, Access to Finance and Development: Theory and Measurement, world Bank working paper, Washington, 2008.
9. Journal of Economics and Sustainable Development ISSN 2222-1700 (Paper) ISSN 2222-2855 (Online) Vol.3, No.9, 2012
10. **Financial Inclusion: A Viable Option for Inclusive Growth** By Ameet Banerjee, Faculty, Institute of Development Studies, Lucknow University (Research Journal of Finance and Accounting www.iiste.org ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Vol 2, No 6, 2011)
11. **Financial Inclusion and Performance of Rural Co-operative Banks in Gujarat** By Tejani Rachana Singhania University, Rajasthan, India
12. Financial Inclusion in India: A case-study of West Bengal By Sadhan Kumar Chattopadhyay (Online at http://mpra.ub.uni-muenchen.de/34269)
13. **Financial inclusion** – **the Indian experience** By Usha Thorat Deputy Governor Reserve Bank of India [Speech at the HMT-DFID Financial Inclusion Conference 2007, London, 19 June 2007.]
14. **Role of Financial Inclusion for Inclusive Growth in India - Issues & Challenges** By Dr. Vighneswara Swamy and Dr. Vijayalakshmi (Berlin Working Papers on Money, Finance, Trade and Development Working Paper No. 07/2012)
15. **Microfinance, Financial Inclusion and Financial Development: An Empirical Investigation with an International Perspective** by Jovi Dacanay
16. **GROWTH THROUGH FINANCIAL INCLUSION IN INDIA By Suresh Chandra Bihari** *IBS, Hyderabad, India* [Journal of International Business Ethics Vol.4 No.1 2011]
17. **Index of Financial Inclusion** – **A measure of financial sector inclusiveness** - Mandira Sarma, Centre for International Trade and Development, School of International Studies Jawaharlal Nehru University Delhi 110067, India (July 2012)

9. List of publishing paper of the candidate

No publication in the media, however one credit is available to the candidate by way of short research in the form of Dissertation during academic year 1984-85 in the M.Com. degree course, under the valuable guidance of Prof. S. N. Tiwari, Assistant Professor (Commerce) Government P.G. College, Ambikapur (C.G.), on following topic –

"सरगुजा जिले में बंधक श्रम – एक आलोचनात्मक अध्ययन".

Researcher
SHIV KUMAR SHRIVASTAV
RAIPUR (CHHATTISGARH)

Co-Supervisor
Dr. S. S. KHANUJA
Principal
Durga Mahavidyalaya, Raipur

Supervisor
Dr. DEVASHISH MUKHERJE
Principal
Mahant Laxminarayan Das College, R

A CRITICAL REVIEW ON FINANCIAL INCLUSION IN THE STATE OF CHHATTISGARH

The United Nations Development Programme (UNDP) has had a significant impact on the social emancipation of people across the globe, ever since its inception in 1966. Over the years, it has focused on Poverty Reduction, Democratic Governance, Crisis Prevention and Recovery; and Environment and Sustainable Development.

World over, countries have targeted programmes for schoolchildren, teachers, research institutions, among others. Further, they have also launched mass media campaigns/websites providing simplified information, often in vernacular mediums, which can be used by the public to learn about the monetary and banking system. A global problem requires a global approach. Realizing this, the Organisation for Economic Cooperation and Development (OECD) created the International Network on Financial Education (INFE) in 2008 to promote and facilitate international co-operation between policy makers and other stakeholders on financial education issues worldwide. Currently, more than 200 institutions from 90 countries have joined the OECD/INFE.

The Strategy envisages a time frame of five years for its massive financial education campaign. It envisages that financial education will be delivered to different target groups through trained users. Basic financial education is aimed to be included in school curricula up to senior secondary level.

Financial Literacy Centres (FLCs) have been opened by various banks with focus on the spread of Financial Literacy, to create awareness about financial products and provision of counseling facilities for customers of banks. There were 575 FLCs in the country as on September 30, 2012.

Financial inclusion is the process of ensuring access to various desired and needed financial products and services by certain groups of people where main focus to be given on weaker sections and low-income groups through effective and cheapest means so that inclusive growth and development could be assured. Financial inclusion, essentially, involves two elements, one of access and the other of awareness of products and services to be provided.

9. Objectives

9. To know, how the system of the Financial Inclusion is working and how it is effective in uplifting the living standard of the targeted population.
10. Why financial inclusion approach is required towards integrated development of underprivileged people of the society?

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Proposed Methodology

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5. Collection of secondary data from various intermediary agencies of Government, Semi Government and Non-Government organizations.
6. After collection of data, these are to be analyzed to find outcome of the factual benefits of implementation of Financial Inclusion and simultaneously shortcoming which requires to be undertaken by the agencies. In doing so the scope of further research will also be discussed.

SPS

Financial

Correlation between intensiveness of Financial Inclusion and growth of growth people

Sample size would be 150 to 170 contacts of from various segments various

Expected outcome of the proposed work

It would be endeavor of the researcher to provide a realistic approach on implementation of Financial Inclusion and its consequences to the society whether it has on its right path or more suggestions are required to be added to achieve 100% target in facilitating up to last person of the society. Besides, emphasis to be drawn to check position of low-cost financial services such as savings, loan and remittance to the under privileged segments of the population in the state of Chhattisgarh by providing Banking services in un Banked and under Banked areas.